Testimony Before the Joint Economic Committee Hearing:

EQUAL PAY FOR EQUAL WORK?
NEW EVIDENCE ON THE PERSISTENCE OF THE GENDER PAY GAP

April 28, 2009

Randy Albelda
Professor of Economics and
Senior Research Associate, Center for Social Policy
University of Massachusetts Boston
Boston, MA 02125
Randy.albelda@umb.edu

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Madam Chairwomen and members of the committee: Thank you for this opportunity to testify about the persistent wage gap between men and women. My name is Randy Albelda and I am a professor of economics and senior research associate at the Center for Social Policy at the University of Massachusetts Boston. I am a labor economist and my expertise is on women's economic status.

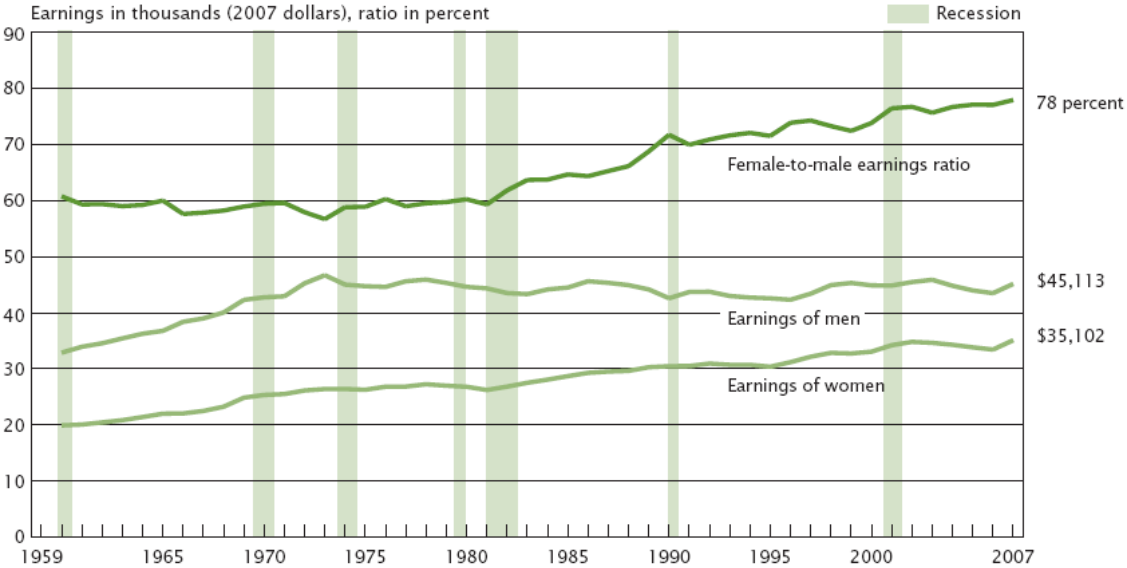
While there has been progress is reducing the pay gap between men and women over the last several decades, it is still the case that women, on average, make less than men.

While there are some differences in what men and women "bring" to the workplace that influence levels of pay, these differences account for only a small part of the gender wage gap – the difference in men's and women's pay. Further, the differences in skill levels and experience have been narrowing over the last three decades and doing so at a faster pace than the wage gap is narrowing. *There are three enduring and intersecting reasons why women's pay is less than men's: workplace discrimination; occupational sorting; and family responsibilities.*

The wage gap:
In the mid-1970s, the National Organization for Women issued "59¢" buttons, calling attention to the fact that year-round, full-time women workers earned 59 cents to every man's dollar. Today we could replace those with a "78¢" buttons.[1]

This graph on the following page comes from the most recent US Census Bureau's *Income, Poverty, and Health Insurance Coverage in the United States* report. It provides a nice illustration of the median annual earnings of year-round, full-time men and women workers from 1960 through 2007, adjusted for inflation. The most substantial gains were made in the 1980s, with the wage ratio of women's earnings to men's earnings narrowing from .60 in 1980 to .72 in 1990. In the 1990s, there was very little change in this ratio – moving from .72 in 1990 to .74 in 2000.[2]

Figure 2.
Female-to-Male Earnings Ratio and Median Earnings of Full-Time, Year-Round Workers 15 Years and Older by Sex: 1960 to 2007



Note: Data on earnings of full-time, year-round workers are not readily available before 1960. For information on recessions, see Appendix A.
Source: U.S. Census Bureau, Current Population Survey, 1961 to 2008 Annual Social and Economic Supplements.

Different work, different pay? No. The gender pay gap persists even after taking into account hours worked, skill levels and occupations.

As noted above, looking only at full-time year-round workers, women's *annual* median earnings are 78 percent of men's. Similarly, the median *weekly* earnings of full-time wage and salary women workers was 80 percent of men's in 2007.[3]

Women have somewhat less work time experience than men, which would explain some of the pay gap. However, it explains less and less of that gap over time and several studies have found that each year of men's experience pays off at a higher rate than an additional year of women's work experience. [4]

Women workers bring higher educational levels to the workplace than do men[5], which is one reason why "human capital" endowments explain less of the pay gap now than they did in the 1980s.[6] Still, female college graduates working full-time earned 80 percent less than male college graduates just one year out of school in 2001.[7]

Women tend to work in different types of jobs than do men. But, even when men and women work in the same fields or even the same occupations, women typically earn less than men.

- The starting salaries for women college graduates were $1,443 less than they were for men in the same fields.[8]
- Across the occupational landscape, women make less than men. The table below depicts the wage gap (using median usual weekly earnings of full-time wage and salary workers) for some detailed occupations. Of the over 100 detailed occupations with median earnings listed, there are only six in which women's earnings are higher than those of men.[9]

The Gender Wage Gap in Selected Detailed Occupations, 2006

Managerial Occupations:	
Chief executives	.72
Human resource specialists.	.81
Professional Occupations	
Lawyers	.70
Elementary and middle school teachers	.90
Service Occupations	
Security guards	.84
Home health care aides	.89
Sales and Office Occupations	
Retail salesperson	.68
Secretaries/administrative asst.	1.04
Construction occupations	.86
Production and transportation Occupations	
Electronic assemblers	.76
Bus drivers	.80

Source: Table 18 of U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Women in the Labor Force: A Databook (2008 Edition)*.

- Francine Blau and Lawrence Kahn show that in 2004 after controlling for education, experience, occupation and industry, women earned 83.5 percent of what men did, compared to 81.6 percent without any of those adjustments. That means these factors explain less than 2 percentage points (10 percent) of the entire wage gap between men and women, leaving most of it unexplained by measurable differences between men's and women's attributes.[10]

Economists have explored the gender pay gap for many decades and produced hundreds (if not 1000s) of articles and reports to explain the reasons for the gender pay gap. No matter how sophisticated and complex their models, they *always* find that some portion of the wage gap is unexplained by the sets of variables for which they can measure differences between men's and women's education levels, work experiences, ages, occupation or industry in which they work, or region of the country they reside. Because the wage differences cannot be explained by any of the differences in workers' traits, this unexplained portion of the wage gap is attributed to gender discrimination.

- A recent meta-regression analysis that compiled the results of 49 econometric studies of the gender wage gap over the last decade found that on average, there was still a substantial gap – women earned 70 percent of what men did, after adjusting for all the various factors that help explain wage difference. [11]
- In a forthcoming study of college professors in one specific college of a large public university, researchers controlled for years experience, mobility, teaching and research productivity, and department and found that even in the identical job in the same institution women made three percent less than men.[12]

Progress toward pay equity has stalled over the last decade.

- The unexplained portion of gender gap (the part attributable to discrimination) got considerably smaller in the 1980s and hardly fell at all in the 1990s.[13]

There are three intersecting reasons why women's pay is less than men's: workplace discrimination; occupational sorting; and family responsibilities.

- *Lilly Ledbetter's experience reminds us that workplace discrimination still exists.* Routinely women are not hired at all, hired at lower wages and not promoted over equally qualified men. This shows up in economists' studies as the part of the earnings gaps that can't be attributed to anything else. In addition, using experimental approaches, economists find considerable evidence of hiring discrimination as well.[14]

- *Women are in different occupations than men.* Men are much more likely to be in construction and manufacturing jobs which pay more than female dominated jobs with comparable skill levels such as administrative assistants and retail salespersons.[15] While about one-third of all women are in professional and managerial jobs, these too are often sex segregated, with women predominating in teaching, nursing and social work jobs and men predominating in architecture, engineering and computer occupations. Finally, women predominate in both high and low paying jobs in the "care sector" – the industries which educate our children, provide us with health services, and take care of young children, disabled adults and the elderly. There is a care work wage penalty. Careful research has shown that care workers, in part because they compete with unpaid workers at home, are not rewarded commensurately with their skills and experience.[16] This sector is large. About 20 percent of all workers work in the care sector and women comprise 75 percent of all workers.[17]

- *Family responsibilities squeeze women's work time and preclude them from taking and keeping jobs that make few or no accommodations for these responsibilities.* Jobs that require long hours, often pay well and provide a strong set of employer benefits, but employers also usually assume the workers in those jobs are unencumbered by household and family responsibilities. This "ideal" worker can (and often does) work overtime or just about any time an employer wants.[18] Workers with family responsibilities do not have that flexibility. Regardless of their skill levels, these workers often must work fewer hours or trade off wages for more time flexibility. Research clearly demonstrates a mothers' wage penalty. Mothers' earn less than women with the same sets of skills and are rewarded less for experience than are men or women who are not mothers. Some of this is a result of time demands and less job flexibility, but some is attributable to discrimination against workers with family responsibilities.[19]

The recession makes addressing this issue especially important because women's earnings are a vital, if not main component, of family well-being.

- One third of all households are headed by women. Of these households, one-quarter are families with children.[20] Women are almost always the only support of these households.
- One half of households have married couples.[21] If these households, 64 percent of wives are employed, compared to 48 percent in 1970. Further, wives' earnings comprise 35 percent of family income, up from 27 percent in 1970.[22]
- In this recession, more men have lost jobs than women have, since men – so far -- are disproportionately found in the hardest hit sectors.[23] As a result, even more households are more dependent on women's earnings. Unequal pay hurts these households.
- The stimulus package will help both men and women, but differently.
    - Increased funds for physical infrastructure, improved medical record keeping, and green energy investments will likely create many more jobs for men than women. Assuring access to these jobs and trade apprenticeship programs would be useful for women's employment in these male-dominated and often well-paying jobs.
    - Increased funding to the states, especially for health care and education, will help reduce the number of layoffs for more women, since they are more heavily employed in these sectors than are men. However, state budget deficits are deep and even with stimulus funds there will be large cuts to the care sector, which will increase women's unemployment. The cuts will also put more pressure on women's unpaid work time, as their families lose needed care.

Reducing the pay gap

There are several things that would boost women's wages and reduce the pay gap.

Addressing Workplace Discrimination

- Ensure that our current anti-discrimination laws are enforced.
- Pass the Paycheck Fairness Act. This will strengthen penalties for discrimination and prohibit employer retaliation for workers who inquiry about wage practices.
- Pass the Employee Free Choice Act. Unions boost women's wages and improve the likelihood they will have health insurance at work.[24] Unions also provide workers structured mechanisms to pursue employer discrimination claims.

Addressing Occupational Sorting

- Increase the minimum wage since women predominate in low-wage jobs.
- Support improved wages for care workers. Care work is heavily supported by federal, state and local government funds. This is because care work has many positive spillover effects, making it a vital public good. Government funds for child care and elder care can assure that workers in these fields are compensated appropriately and have opportunities for professional development.
- Target stimulus money to assure that women are included in physical infrastructure projects.

Addressing Family Responsibility Discrimination

- Make sure that current laws that protect workers with caregiving responsibilities, such as the Family and Medical Leave Act, are enforced.
- Extend the Family and Medical Leave Act to cover more workers.
- Support the Family Leave Insurance Act of 2009 which would provide workers with 12 weeks of paid family and medical leave.
- Develop legislation that encourages employers to negotiate with employees over flexible work arrangements.

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[1] In 2007, year-round, full-time women earners made $35,102 while men earned $45,113. Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, U.S. Census Bureau, Current Population Reports, P60-235, *Income, Poverty, and Health Insurance Coverage in the United States: 2007*, U.S. Government Printing Office, Washington, DC, 2008; Table 1.

[2] Ibid, Table A-2.

[3] U.S. Department of Labor, U.S. Bureau of Labor Statistics, Highlights of Women's Earnings in 2007, Report 1008, October 2008, Chart 1 (accessed 4-23-09 at http://www.bls.gov/cps/cpswom2007.pdf).

[4] Lalith Munasinghe, Tania Reif and Alice Henriques, "Gender gap in wage returns to job tenure and experience. Labour Economics, 2008: 1296-1916. This study looked at US men's and women job experience in the early part of their careers with longitudinal data (National Longitudinal Survey of Youth) for the years 1979-1994 (ages 14-22 in 1979 (making the sample between 29-37 years old in 1994). They found men with high school degrees or less worked an average of 6.7 years compared to women's 5.9 years. For those with more than a high school degree, the average amount of work experience was 7.8 years for men and 7.3 years for women. Men worked, on average, about 6 more hours per week than did women. Men accrued 15 percent higher wage growth from an additional year of experience than women. Similar results can be found in Audrey Light and Manuelita Ureta, "Early-Career Work Experience and Gender Wage Differentials" *Journal of Labor Economics* 1995,13 (1) and Pamela Loprest, "Gender Differences in Wage Growth and Job Mobility" *American Economic Review* 1992, 82 (5).

[5] In 2007, 35 percent of all women ages 25-64 in the labor force had a college degree compared to 33 percent of men. Conversely, 42 percent of men ages 25-64 in the labor force had a high school diploma or less education

compared to 35 percent of women. Calculated by author from data provided in U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Women in the Labor Force: A Databook (2008 Edition)* Table 8, (accessed 4-23-09 at http://www.bls.gov/cps/wlf-table8-2008.pdf).

[6] Francine Blau and Lawrence Kahn, "The US Gender Pay Gap in the 1990s: Slowing Convergence," Industrial *and Labor Relations Review*, 2006, 60(1):45–66.

[7] Judy Goldberg Dey and Catherine Hill, *Behind the Pay Gap*, Washington DC: American Association of University Women Educational Foundation, 2007.

[8] Judith McDonald and Robert Thornton, "Do New Male and Female College Graduates Receive Unequal Pay?" *Journal of Human Resources*, 2007, 52(1): 32-48.

[9] U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Women in the Labor Force: A Databook (2008 Edition)* Table 18, (accessed 4-23-09 at http://www.bls.gov/cps/wlf-table8-2008.pdf).

[10] The authors use Current Population Survey data and look at average hourly wages for full-time workers. Francine Blau and Lawrence Kahn, "The Gender Pay Gap" The Economists' Voice, Berkeley Electronic Press, 2007: 1-6.

[11] Stephen Stanley and T.D. Jarrell, "Declining Bias and Gender Wage Discrimination? A Meta-Regression Analysis. *Journal of Human Resources*, 2004, 36(3): 828-838.

[12] Melissa Binder et al. "Gender Pay Differences for the Same Work: Evidence from a United States Public University" forthcoming, *Feminist Economics*.

[13] Francine Blau and Lawrence Kahn, "The US Gender Pay Gap in the 1990s: Slowing Convergence," Industrial *and Labor Relations Review*, 2006, 60(1):45–66.

[14] David Neumark, using equally experienced male and female "pseudo" applicants, found high-priced restaurants were much more likely to both interview or offer jobs to men ("Sex Discrimination in Restaurant Hiring: An Audit Study," *Quarterly Journal of Economics*, 1996, 111(3): 915–41). Claudia Golden and Cecilia Rouse found that the probability that women would advance and be hired by symphony orchestras was higher when auditions were "blind" (i.e. the gender of the applicant auditioning was unknown) than when they were not ("Orchestrating Impartiality: The Impact of 'Blind' Auditions on Female Musicians," *American Economic Review*, 2000, 90(4): 715–41).

[15] In 2007, the median weekly salary of someone in construction occupations was $619 but as a secretary was $583; for a production occupations the week median salary was $559 compared to $494 for a retail salesperson. U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Women in the Labor Force: A Databook (2008 Edition)* Table 18 (accessed 4-23-09 at http://www.bls.gov/cps/wlf-table8-2008.pdf).

[16] Paula England, Michelle Budig and Nancy Folbre, "Wages of Virtue: The Relative Pay of Care Work" *Social Problems* 2002;49(4):455-474; and Nancy Folbre, *The Invisible Heart: Economics and Family Values*, New York: New Press, 2001.

[17] Randy Albelda, Mignon Duffy and Nancy Folbre, "Taking Care: The Costs and Contributions of Care Work in Massachusetts" University of Massachusetts, forthcoming.

[18]See Randy Albelda, Robert Drago and Steven Shulman, *Unlevel Playing Fields: Understanding Wage Inequality and Discrimination*, Boston, MA: Economics Affairs Bureau 2004, Chapter 7; Joan Williams, *Unbending Gender: Why Family and Work Conflict and What to Do About It.* New York: Oxford University Press, 2001; Robert Drago, *Striking a Balance: Work, Family*, Life, Boston, MA: Dollars and Sense, 2007.

[19] Wendy Single-Rushton and Jane Waldfogel, "Motherhood and Women's Earnings in Anglo-American, Continental European, and Nordic Countries" *Feminist Economics* 2007,13(2): 55-91; Joni Hersh and Leslie Stratton., "Housework and Wages" *Journal of Human Resources* 2002, 37(1):217-229; and Deboarah Anderson, Melissa Binder and Kate Krause, "Experience, Heterogeneity, Work Effort and Work-Schedule Flexibility" Industrial and Labor Relations Review, 2003, 56(2): 273-294; and Michelle Budig and Paula England, "The Wage Penalty for Motherhood" *American Sociological Review*, 2001, 66(2), 204-225

[20] U.S. Census Bureau, *America's Families and Living Arrangements: 2007*, Tables F1 and FM-1, (accessed 2-13-09 from http://www.census.gov/population/socdemo/hh-fam/cps2007/tabF1-all.xls and http://www.census.gov/population/socdemo/hh-fam/fm1.xls.

[21] Ibid.

[22] U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Women in the Labor Force: A Databook (2008 Edition)*, Tables 23 and 24 (accessed 4-23-09 at http://www.bls.gov/cps/wlf-table8-2008.pdf).

[23] Heather Boushey, *Equal Pay for Breadwinners*, Washington, DC: Center for American Progress, 2009.

[24] John Schmitt *Unions and Upward Mobility for Women Workers*, Washington DC: Center for Economic and Policy Research, 2008.